



Nova Scotia

ANNUAL REPORT

*for the fiscal year
ending March 31, 1984*

Nova Scotia
Farm Loan Board



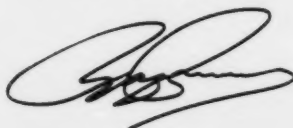
His Honour
The Honourable Alan R. Abraham, C.D.
Lieutenant Governor of the
Province of Nova Scotia
Government House
Halifax, Nova Scotia

Dear Sir,

I have the honour to transmit herewith the Fifty-Second Annual Report of the Nova Scotia Farm Loan Board for the fiscal year ended March 31, 1984.

I am, your Honour,

Yours very truly,

A handwritten signature in black ink, appearing to read 'Roger S. Bacon', with a stylized flourish at the end.

Roger S. Bacon



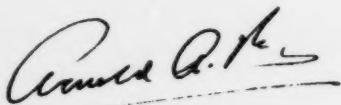
The Honourable Roger Bacon
Minister of Agriculture & Marketing
Province of Nova Scotia
Halifax, Nova Scotia

Sir:

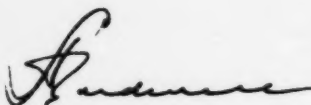
On behalf of the Nova Scotia Farm Loan Board, we have the honour to submit the Fifty-Second Annual Report of the Nova Scotia Farm Loan Board for the fiscal year ending March 31, 1984.

This Report on the activities of the Board and the Audited Financial Statement is submitted as required by Section 11 of the Agriculture and Rural Credit Act, 1967.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Arnold A. Rovers', written over a horizontal line.

Arnold A. Rovers
Director

A handwritten signature in dark ink, appearing to read 'Lawrence H. Coldwell', written over a horizontal line.

Lawrence H. Coldwell
Chairman



THE NOVA SCOTIA FARM LOAN BOARD**Board Members**

Chairman	Lawrence H. Coldwell
Vice-Chairman	John A. McLean
Member	George G. Archibald
Member	Gordon F. Creelman
Member	Theodore E. Mattie
Secretary to the Board	Arnold A. Rovers

Principal Officers

Director	Arnold A. Rovers
Loan Supervisor	Morris N. Kennie
Loan Supervisor	Ralph H. Taylor
Accountant	Michael P. Cassidy
Solicitor to the Board	Alison Scott
Auditor	Auditor General

Truro Office

Loan Officer	Robert G. Adams
Loan Officer	David M. Arenburg

Kentville Office

Senior Loan Officer	Allister R. Marshall
Loan Officer	Wayne M. MacLeod
Loan Officer	Steven G. Russell

Antigonish Office

Loan Officer*	Vernon Murray
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*Services seconded by Extension Division

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DIRECTOR'S REPORT

The fiscal year ending March 31, 1984 marked the fifty-second year of service to the Nova Scotia Agricultural Industry by the Nova Scotia Farm Loan Board and its predecessors, the Nova Scotia Land Settlement Board and the Nova Scotia Miners' Settlement Board. It was a year of significant challenge as the agricultural industry attempted to cope with the effects of financial stress facing the general economy and certain agricultural commodities in particular. Interest rates have moderated, but their lingering effects and low commodity prices, particularly in the pork industry, continued their impact on farmers.

The Nova Scotia Farm Loan Board, as the primary lender of long-term development capital to the agricultural industry in Nova Scotia, concentrated on assisting farmers overcome financial difficulties while continuing its development role. An increasing proportion of lending was directed at productivity enhancement rather than direct output expansion. More funds were directed at refinancing short-term loans to alleviate the effects of higher interest rates and provide a better loan structure to farms in financial difficulty.

In spite of certain problem areas, growth in the agricultural industry continued, spearheaded by significant expansion in the blueberry, mink and vegetable production sectors.

The growth in the Board's lending activities has enhanced the growth potential of the industry. Total capital outstanding by the Board has expanded from \$42 million in 1975 to \$76.9 million in 1980 and to a current value of \$120 million.

The Nova Scotia Farm Loan Board is committed to assisting farmers in financial difficulty with advisory services as well as financing. Extensive efforts are, therefore, provided by staff, along with other Departmental Specialists, to resolve problems and improve opportunities. This task is both time consuming but rewarding if it effects change. Potential borrowers also receive extensive counselling prior to committing themselves to capital programs and expansion plans.

During the year, the Board undertook additional steps to improve efficiency in operations. We participated in a total departmental computer study which is expected to provide a conversion to computerized accounting and data monitoring once in place. The Board's

word processing capacity continues to be expanded and is now used extensively.

During the year, Mr. Logan Barnhill, Chairman of the Board, and Mr. George Foote, Board Member, retired as their terms of office expired. The industry is indebted to them for their dedicated interest in the development of agriculture. Mr. Lawrence Coldwell, a long-time member of the Board, was appointed as Board Chairman. Mr. John McLean was appointed Vice-Chairman of the Board and Mr. Ted Matie and Mr. George Archibald were appointed as Board members.

Agriculture remains a vital growth industry in the province. The Board is committed to serving the industry with its credit and development policies to enhance the industry's opportunities. Consultation with farmers, farm organizations and Government are undertaken on an ongoing basis to best coordinate Board activities with farmers' needs and opportunities.

FINANCIAL ASSISTANCE PROGRAMS

Lending Programs

The Nova Scotia Farm Loan Board provides direct loans to farmers resident in the province on the farms where financing applies. Loans are also available to partnerships and companies. Loans are in three parts, commercial, part-time and timber.

Commercial. Loans of up to \$300,000 are available at eight per cent interest on the first \$150,000 of loan and eleven per cent on the next \$150,000. Loans in excess of \$300,000 are available at prevailing interest rates with Board and Governor-in-Council approval. Maximum terms are thirty years. Loans are primarily for farm purchase or capital development.

Commercial farms must achieve at least \$10,000 in on-farm production or 50 per cent of the family's gross income from the farm. Loans must be to viable units, where the farm can support a farm family and repay the loan from the farm program.

Part-Time. Loans of up to \$45,000 are available at eleven per cent interest. A significant part-time farm program commensurate with the size of the loan is required. Maximum term is twenty years.

Timber Loans. The Nova Scotia Farm Loan Board acts as the Timber Loan Board to review loans to mill operators for timber land acquisitions. Loans are available under the same terms as commercial farm loans to owners of wood product mills.

Farm Consolidation Program

The Farm Loan Board administers a program of land acquisition and leasing of agricultural lands to farmers. Land acquisition proposals are approved by a Department of Agriculture-Farm Loan Board Committee, based on the appraised value of the land. Lands acquired are available for lease with an option to purchase. Lease fees are eight per cent of initial acquisition costs plus taxes. Options to purchase may be exercised under specific conditions at the end of five year lease terms. Options to renew leases are also available.

Direct Assistance Programs

Three financial assistance programs are available through the Board:

Young Farmers Interest Forgiveness Policy. This policy is designed to encourage young farmers to acquire and develop a farm. Assistance is based on the amount of interest charged on initial principal borrowings from the Farm Loan Board or Farm Credit Corporation for a two year period. The maximum assistance is \$30,000 over two years.

The funds may be used to provide equity contribution, to delay or reduce payments depending on cash flow, or to provide for capital improvement projects as required and determined for each loan by the Board.

Interest Subsidy Policy. This policy provides for direct assistance to reduce interest payments by farmers. Assistance is based on 2.5 per cent of principal balance outstanding with the Farm Loan Board, Farm Credit Corporation or the Veterans' Land Act. Maximum assistance is \$1,250 per year per farm.

Pork Stabilization Policy. At the direction of the Department of Agriculture and Marketing, the Board makes available interest-free loans to the Nova Scotia Pork Stabilization Board and thereby to pork producers in Nova Scotia. During 1983, the Board provided loans of \$1,505,109 to the Board during the periods when prices were below

stabilization levels and received \$94,601 from the Board when pork prices exceeded stabilization prices.

On March 31, 1983, the balance owing the Nova Scotia Farm Loan Board from the Pork Stabilization Board was \$3,355,409.

Indirect Assistance Programs

Board staff provide a counselling service to evaluate farm proposals as to feasibility, including cash flow analysis, financial projections and other feasibility analysis. A counselling service is also provided to farms in financial difficulty, including a review of past conditions, an evaluation of the current situation and projections of changes required, leading up to financial improvement. These services are provided in close co-operation with the Farm Management Division and Commodity Specialists of the Department of Agriculture and Marketing.

BOARD OPERATION OVERVIEW

Direct Loans

During the fifty-second year of Board operations, the Board met on 10 occasions encompassing 28 days. Loan activity increased during the past year reflecting a degree of recovery from a low level of activity in 1982-83. Farmers are still in a period of consolidation following several years of rapid growth in farm size and production. Productivity enhancement was a basic farm strategy during the year. A total of 234 loans were approved and accepted by farmers for total loans of \$13,989,913.

In addition to its loan function to agriculture and owners of forest product mills, staff of the Farm Loan Board administered policies of reduced interest and assistance to new starting young farmers. The staff of the Board purchased and administered properties for lease to qualified individuals at the request of the Land Purchase and Lease Committee. The administration of the property purchased under ARDA Project 22015 in the period 1965-1971 was a continuing responsibility.

During the year under review, the Board approved and farmers accepted 81 new loans totalling \$8,344,113. The new loans included 48 to commercial operations, 22 to young farmers and 11 to part-time farmers.

The Board also approved and had accepted 153 additional loans to existing farmers totalling \$5,645,800. The additional loans included 120 to commercial farms, 24 to young farmers and nine to part-time farmers.

In addition, 42 applications for loans in the amount of \$2,898,200 were rejected due to the inability of the applicants to meet the requirements of the Board. There were also 10 applications in the amount of \$822,000 cancelled before finalization for a variety of reasons, but primarily because of unsettled economic conditions and expectations.

Additions to loans were primarily for building construction and renovations, although loans for quota purchases and indebtedness continued at a relatively high level. Land purchases were also a large factor in the additional loan category.

The number of farmers with loans in 1983-84 decreased to 1616 from 1643 the year before. During the year 108 farmers paid out their loans, and 82 new farmers acquired loans. This was the first decrease in loan account numbers for many years.

Total payments by farmers on loans increased to \$15,773,602, made up of \$7,769,943 principal and \$8,003,660 interest. An additional \$418,235.67 was received in insurance premiums.

Timber Loans

The Board approved two applications for loans to assist owners of forest product mills in the purchase of forest land. The number of loans outstanding in 1983-84 was 52. Total dollars outstanding at the end of the year was \$753,392.

Staff of the Farm Loan Board are responsible for administrative detail with respect to receiving applications, preparing documents, loan disbursement and loan records. Personnel of the Department of Lands and Forests carry out loan appraisals and prepare reports and recommendations. In addition, they supervise requests to cut forest products from land held as security for loans and establish stumpage rates for material removed.

Farm Consolidation and Land Use

In the period 1965-1970, under the terms and conditions of a joint Government of Canada-Province of Nova Scotia ARDA Project, properties were purchased for leasing to enlarge commercial farm operations. The initial lease was for a term of five years with the lessee having the option to purchase or to renew the lease for a further term. The administration of properties under lease is a continuing responsibility of the Board.

Two hundred and nine rental statements were issued in October, 1983. The balance of dollars outstanding on March 31, 1984 under this program was \$709,093.

Fifteen lessees exercised their option to purchase leased property in the year under review.

Land Purchase and Lease

The Nova Scotia Department of Agriculture and Marketing continued a program of land purchase and leasing which was introduced in the 1974-75 fiscal year. The Farm Loan Board, at the request of the Land Purchase and Lease Committee, carry out the administrative details involved in the purchase, lease and administration of these properties. During the year, the maximum amount available for the acquisition of property for any farmer increased from \$30,000 to \$75,000.

Twelve properties were purchased at a cost of \$172,339 in the year under review. This was the lowest year of activity since the beginning of the program. The decrease in activity reflected the unsettled economic conditions and uncertainty in land prices.

In total, 323 properties are currently held under the program. The current outstanding account on the properties is \$9,302,684.

Interest Subsidy Policy

The Board continued to maintain responsibility for the administration of the Interest Subsidy Policy of the Nova Scotia Department of Agriculture and Marketing. During the year 1,253 farmers were deemed eligible for \$1,130,136 in assistance, for an average payment per farmer of \$901.94.

Benefit to Young New Starting Farmers

The policy of two years interest forgiveness to new beginning young farmers, introduced by the Department of Agriculture and Marketing in the 1974-75 fiscal year, was continued in 1983-84.

Benefits in the amount of \$322,387 were made to 45 applicants who qualified in the first year of this eligibility. There were 37 qualified applicants in their second year of eligibility and the benefit totalled \$320,979 for a total benefit during the 1983-84 fiscal year of \$643,366.

Insurance

The Farm Loan Board administers a life and total disability group insurance for farmers. The policy is held with the Mutual Life Assurance Company of Canada. Total insurance in force at the end of 1983-84 was \$96,439,540.

During the year, eight claims were approved by Mutual Life for total payments of \$309,268.25.

TABLE I
Number of Loans Approved by County and Category, 1983-84

County	New Loans		Additional Loans		Total Loans	
	No.	Amount	No.	Amount	No.	Amount
Annapolis	2	370,500.00	3	66,000.00	5	436,500.00
Antigonish	6	651,300.00	13	467,800.00	19	1,119,100.00
Cumberland	12	1,180,850.00	16	385,300.00	28	1,566,150.00
Colchester	13	1,892,391.95	27	1,029,400.00	40	2,921,791.95
Cape Breton	5	520,500.00	3	60,000.00	8	580,500.00
Digby	5	152,100.00	4	188,400.00	9	340,500.00
Halifax	3	181,900.00	6	170,500.00	9	352,400.00
Hants	6	603,000.00	19	583,450.00	25	1,186,450.00
Inverness	3	149,700.00	5	132,700.00	8	282,400.00
Kings	12	1,577,920.92	33	1,846,300.00	45	3,424,220.92
Lunenburg	3	157,500.00	6	206,600.00	9	364,100.00
Pictou	6	677,650.00	16	488,000.00	22	1,165,650.00
Guysborough	1	25,450.00	1	7,350.00	2	32,800.00
Richmond	0	—	1	14,000.00	1	14,000.00
Victoria	1	10,350.00	0	—	1	10,350.00
Shelburne	2	146,000.00	0	—	2	146,000.00
Yarmouth	1	47,000.00	0	—	1	47,000.00
Queens	0	—	0	—	0	—

TABLE II
Number of Loans Approved by Purpose, 1983-84

Purpose	Number	\$
Purchase of Farm		
Commercial	48	\$ 5,006,263
Young Farmer	22	2,977,700
Part-Time	11	360,150
Additional		
Beef	12	239,000
Dairy	32	1,275,900
Hogs	10	421,000
Poultry	3	362,500
Fruit & Vegetables	6	197,300
Other Livestock	6	132,150
Other Buildings	33	975,700
Silo	3	95,000
Manure Storage	6	71,000
Land Purchase & Development	18	789,750
Livestock	2	50,000
Quota & Refinancing	22	1,036,500
TOTALS	234	\$13,036,500

TABLE III
Operations of the Board, 1982-83 and 1983-84

Accounts	1983-84		1982-83	
	No.	Amount	No.	Amount
Loan Accounts	1,616		1,643	
ARDA Accounts	209		210	
Land Bank Accounts	323		314	
Timber Loan Accounts	52		54	
Loans Approved	234		231	
Loans Paid Off During Year	108		135	
ARDA Leases Issued	209		210	
ARDA Properties Sold	15		22	
Land Bank Leases Issued	323		314	
Land Bank Properties Purchased	12		26	
Timber Loan Board Loans	52		54	
Timber Loan Board				
New Approvals	2		6	
Loans Rejected		\$2,898,200.00		\$3,408,000.00
Loans Cancelled		822,000.00		1,479,000.00
Receipts				
Principal Payments		7,769,942.00		6,745,714.00
Interest Payments		8,003,660.00		7,381,915.00
Life Insurance		418,235.67		405,939.93
Rental & Miscellaneous Receipts		753,204.61		2,048,308.98
Arrears of Payments, March 31		2,556,126.10		2,124,918.00
Insurance				
Death and Disability Claims	8		6	
Amount Paid		309,268.25		190,285.30
Total Value Life Insurance		96,439,540.00		93,647,720.00
Board				
Number of Board Meetings	10		11	
Number of Days	28		30	
Interest Subsidy Program				
Farm Loan Board	1106	1,034,457.05	1070	998,554.00
Farm Credit Corporation	132	92,818.41	147	95,492.09
Veterans Land Act	15	2,860.09	14	2,987.26
TOTAL	1,253	1,130,135.55	1,213	1,097,033.35

Establishing Farmer Program

Farm Loan Board, First Year	37	320,979.07	42	322,871.56
Farm Loan Board, Second Year	42	298,381.56	47	362,396.63
Farm Credit Corporation, First Year	3	24,005.00	1	13,108.00
Farm Credit Corporation, Second Year	—	—	1	15,000.00
TOTAL	82	643,365.63	91	713,376.19



**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FARM LOAN BOARD
FINANCIAL STATEMENTS
MARCH 31, 1984**

AUDITOR'S REPORT

To the Chairman and Members of the
Nova Scotia Farm Loan Board and to the
Minister of Agriculture and Marketing

I have examined the balance sheet of the Nova Scotia Farm Loan Board as at March 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this balance sheet presents fairly the financial position of the Nova Scotia Farm Loan Board as at March 31, 1984 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Deputy Auditor General

Halifax, Nova Scotia
May 23, 1984

**Province of Nova Scotia
Nova Scotia Farm Loan Board
Balance Sheet
as at March 31, 1984**

ASSETS

	1984	1983
Accounts receivable	\$ 100,342	\$ 100,389
Loans receivable (Note 2)	109,716,623	104,439,077
Real estate (Note 3)	11,011,730	10,112,756
	<u>\$120,828,695</u>	<u>\$114,652,222</u>

LIABILITIES

Reserve for future premium increase in borrowers' group life and disability insurance	\$ 575,702	\$ 465,555
Advance from Department of Finance	\$122,552,993	\$116,186,667
Less: Allowance for doubtful accounts	<u>2,300,000</u>	<u>2,000,000</u>
Net advances	<u>120,252,993</u>	<u>114,186,667</u>
	<u>\$120,828,695</u>	<u>\$114,652,222</u>

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

Province of Nova Scotia
Nova Scotia Farm Loan Board
Notes to Balance Sheet
as at March 31, 1984

1. Accounting Policies

Expenditures

Revenues and expenditures of the Farm Loan Board are not reflected on the balance sheet. These items are included in the revenues and expenditures of the Department of Agriculture and Marketing.

2. Loans Receivable	1984	1983
Farm Loans	\$107,905,515	\$103,810,958
Nova Scotia Pork Price Stabilization Board	3,355,409	1,850,272
Rural housing loans	2,307	2,798
Timber loans	753,392	775,049
	<u>\$112,016,623</u>	<u>\$106,439,077</u>
Less: allowance for doubtful accounts	2,300,000	2,000,000
	<u>\$109,716,623</u>	<u>\$104,439,077</u>

3. Real Estate — at cost

Land consolidation, ARDA	\$ 709,092	\$ 808,839
Less: Federal Government share of cost of ARDA properties	452,539	512,968
	<u>256,553</u>	<u>295,871</u>
Land bank	9,302,684	9,177,698
Real estate being leased or held	1,380,867	567,561
Community pastures	71,626	71,626
	<u>\$ 11,011,730</u>	<u>\$ 10,112,756</u>

4. Commitments

As at March 31, 1984, the Board had authorized loans of \$3,876,511 (1983, \$2,946,384) which had not been disbursed.

**Province of Nova Scotia
Nova Scotia Farm Loan Board
Continuity of Loans Receivable
for the year ended March 31, 1984**

	1984	1983
Balance, beginning of year	\$106,439,077	\$102,513,198
Add: Advances made		
Farm loans	13,307,540	11,953,079
Nova Scotia Pork Price Stabilization Board	1,599,738	70,549
Timber loans	74,517	946
Transfers from real estate to farm loans	—	204,765
	<u>14,981,795</u>	<u>12,229,339</u>
Deduct: Payments received		
Farm loans	7,769,942	6,745,714
Nova Scotia Pork Price Stabilization Board	94,601	817,553
Rural housing loans	491	435
Tile drainage loans	—	208
Timber loans	96,174	150,943
Transfers from farm loans to real estate	1,443,041	588,607
	<u>9,404,249</u>	<u>8,303,460</u>
Balance, end of year	\$112,016,623	\$106,439,077
Less: allowance for doubtful accounts	2,300,000	2,000,000
	<u>\$109,716,623</u>	<u>\$104,439,077</u>